

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

MARKET TEST OF EXPERIMENTAL PRODUCT –  
EXTENDED MAIL FORWARDING

Docket No. MT2020-2

UNITED STATES POSTAL SERVICE NOTICE OF  
MARKET TEST OF EXPERIMENTAL PRODUCT – EXTENDED MAIL FORWARDING  
(June 8, 2020)

Pursuant to 39 U.S.C. § 3641 and 39 C.F.R. Part 3035, and as directed by its Governors, the United States Postal Service plans to launch a market test of an experimental product called Extended Mail Forwarding on August 1, 2020. In this Notice, the Postal Service describes the Extended Mail Forwarding concept and demonstrates that the market test will comply with applicable legal requirements.

**Description of Extended Mail Forwarding**

Currently, when residential and commercial postal customers move, they may file a permanent Change of Address (COA) request to have mail addressed to their old address forwarded to their new address for one year. The only fee associated with this service is the Credit Card Authentication Fee (presently \$1.05) incurred to verify the customer's identity if the COA request is submitted online.<sup>1</sup> In FY 2019, approximately 35.8 million moving customers submitted permanent COA requests.<sup>2</sup> After one year,

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<sup>1</sup> There is no fee associated with the one year of forwarding service when the customer submits their request in a post office or by mail.

<sup>2</sup> Since the COVID-19 pandemic began, there has been an increase in COA requests between February and April of 2020, compared to the same period last year.

mail that continues to bear the customer's old permanent address is returned to sender or wasted.

Extended Mail Forwarding will provide customers who submit a permanent COA request with the option of extending forwarding of all First-Class Mail, First-Class Package Service Commercial, and Priority Mail pieces beyond the one year period, for a fee. Customers will be able to request a maximum of three 6-month extensions, equating to up to two and a half years of mail forwarding. Initial pricing for the service will be as follows: \$19.95 for one 6-month extension; \$29.95 for two 6-month extensions; and, \$39.95 for three 6-month extensions. Any customer who initially signs up for one or two extensions at the \$19.95 or \$29.95 price will be able to request additional extensions (up to a total of three 6-month extensions) but the fee will be \$19.95 per additional 6-month extension. These fees will more than cover the cost of forwarding mailpieces pursuant to a permanent COA request.<sup>3</sup>

Customers will have the option of requesting and paying for Extended Mail Forwarding at the time that they submit their permanent COA request. Thereafter, customers will be able to request and pay for Extended Mail Forwarding either up until the end date of the market test, or within 18 months of submitting their initial COA request, whichever occurs first. Extension requests will be accepted through USPS.com, at retail post office locations, and at self-service kiosks in select post offices. Customers submitting their extension requests online will need to provide the 16-Digit Confirmation Number associated with their initial COA request and their new

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<sup>3</sup> In FY 2019, customers submitting permanent COAs had an average 4 mailpieces wasted or returned to sender after the expiration of the 1-year forwarding period (imposing costs per returned mailpiece of \$00.4109. At the same time, the per-piece cost to forward each piece via the Postal Automated Redirection System was \$00.2068.

ZIP Code.<sup>4</sup> Customers submitting their extension requests at retail post office locations will need to provide a government-issued identification, the 16-Digit Confirmation Number associated with their initial COA request, street number of the old address, first two characters of their last name/business on the COA record, and ZIP Code of the old or new address.

The Postal Service will test Extended Mail Forwarding in nine postal districts throughout the country: Alabama, Dakotas, Dallas, Northern New Jersey, Northland, Ohio Valley, Sacramento, San Diego, and Santa Ana. Customers who submit permanent COA requests during the market test with an old or new address in these districts will be eligible to participate in the market test. These districts comprise a representative cross-sample of COA requests by volume according to FY 2019 data. The Postal Service intends for the market test to run for two full years beginning August 1, 2020; however, it is possible that the Postal Service may decide to seek permanent product status early, or alternatively that it may seek authority for an additional year of testing if needed to determine the feasibility or desirability of the product.

Extended Mail Forwarding is a customer-focused service that will ensure that customers receive mailpieces for which they are the intended recipient, which, in light of the Coronavirus-19 pandemic, is more essential than ever before. Individuals, families, and businesses will exercise greater control over their mail forwarding expiration date to better fit their needs, with more time to update and communicate with their mailing contacts. Extended Mail Forwarding will also benefit the Postal Service by reducing

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<sup>4</sup> Customers submitting their permanent COA request and/or extension request(s) online will incur the Credit Card Authentication Fee only once.

Undeliverable as Addressed (UAA) mailpieces, which should result in cost savings because the cost of forwarding is less than the cost of handling UAA mailpieces.

### **Compliance with 39 U.S.C. § 3641(b) Conditions**

Section 3641 of title 39 and the Commission's implementing rules at 39 C.F.R. Part 3035 set forth conditions that a market test must meet. As explained below, the Postal Service has determined that the proposed market test will satisfy all of these conditions.

First, as required by subsection (b)(1) of section 3641, from the viewpoint of mail users, Extended Mail Forwarding is significantly different from all products offered by the Postal Service within the last two years. The Postal Service has never offered customers the option of extending forwarding associated with permanent COA requests beyond one year. While Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM) § 507.2.1.2 provides Postmasters with the discretion of extending forwarding for an additional year if a customer is able to demonstrate financial hardship, this has never been offered as a formal service or product and it is not known how often customers request this service.

Moreover, Extended Mail Forwarding is critically different from the Premium Forwarding Service product on the competitive product list in that it extends forwarding associated with a permanent COA request, which is an automated process enabled by the Postal Automated Redirection System (PARS). Under Premium Forwarding Service, mail is first delivered to the address on the mailpiece, repackaged, inducted back into the postal network, and delivered to the forwarding address.

Lastly, Extended Mail Forwarding is significantly distinct from Commercial PO Box Redirect Service in that it serves a larger market, both residential and commercial customers, forwards First-Class Mail, First-Class Package Service, and Priority Mail, and relies on PARS for forwarding. Commercial PO Box Redirect Service, in contrast, will be available only to Commercial PO Box customers, will redirect automated First-Class Mail letters to a PO Box with Caller Service, and uses a different postal system. Thus, Extended Mail Forwarding serves a significantly different market with different cost characteristics than the existing services with which it may be considered similar.

Second, as required by subsection (b)(2) of section 3641, Extended Mail Forwarding will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer. All individuals, families, and businesses who are currently eligible to file a permanent COA request moving from or into the nine districts in which the test will be conducted may participate. Because only the Postal Service forwards mail under a permanent COA request, no business offers a similar product or service. Lastly, with regard to small business concerns,<sup>5</sup> Extended Mail Forwarding will have no impact beyond providing these businesses with the option of extending their forwarding request should they permanently change addresses.

Third, as required by subsection (b)(3) of section 3641, Extended Mail Forwarding is properly categorized as market dominant given that the Postal Service

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<sup>5</sup> In this context, “small business concerns” likely means Express Delivery Services companies and Local Messengers and Local Delivery companies that: i. Are for-profit business entities that are independently owned and operated; ii. Are not dominant in their field of operation; iii. Have a place of business located within the United States; iv. Operate primarily within the United States or make a significant contribution to the United States by paying taxes or using American products, materials, or labor; and v. Have 1,500 or fewer employees (Courier and Express Delivery Services) or have annual receipts of \$30 million or less (Local Messengers and Local Delivery). See 39 C.F.R. § 3010.101(t)(1)–(5).

controls forwarding within its network, and customers' only option for changing their address of record with the Postal Service is by submitting a permanent COA request.

### **Estimated Total Revenue and Data Collection Plan**

Volumes and revenues for Extended Mail Forwarding are difficult to predict, as customer demand for this service is unknown. Nevertheless, it is the Postal Service's hope that the test will generate significant customer interest, and therefore it is possible that the Postal Service may eventually need to seek a waiver of the annual statutory limitation of \$11,860,140. If the Postal Service should approach this annual limitation, it will furnish the appropriate notice to the Commission and submit an application for exemption from the cap under 39 U.S.C. § 3641(e)(2) in a timely manner.

To better understand the results of the market test, the Postal Service intends to collect the following data by district on a quarterly basis:

- Number of extension requests;
- Number of customers, and ratio of individuals, families, and businesses;
- Volume of mailpieces forwarded;
- Revenues; and
- Attributable costs of Extended Mail Forwarding, including the administrative costs of the test.

Consistent with 39 U.S.C. §3641(c)(1), the Postal Service is filing notice of this market test in the *Federal Register*.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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